

Message Text

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ACTION H-03

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KUWAIT FOR SENATOR PERCY

E.O. 11652: N/A

TAGS: OREP (PERCY, CHARLES), PFOR, TC, IR, MU

SUBJ: CODEL PERCY VISIT TO UAE

1. SUMMARY: CODEL PERCY PAID VERY SUCCESSFUL VISIT TO UAE
JAN 8-9. ABSENCE MANY KEY OFFICIALS FROM COUNTRY UNFORTUNATELY
LIMITED IMPACT OF VISIT, BUT WITH STOIKHMOTH IN DUBAI AND ABU DHABI
SENATOR DID GET SOME FEEL FOR UAE. END SUMMARY.

2. SENATOR PERCY AND PARTY COMPLETED JAN 9 SUCCESSFUL VISIT TO
UAE WHICH INCLUDED STOPS IN BOTH DUBAI AND ABU DHABI. WITH
BOTH SHAIKHS ZAYID AND RASHID AS WELL AS FOREIGN AND PETROLEUM
MINISTERS OUT OF COUNTRY (EITHER HUNTING WITH FALCONS IN PAKISTAN
OR NOT YET RETURNED FROM RECENT STATE VISIT TO INDIA) MEETINGS
WITH MOST KEY OFFICIALS WERE UNFORTUNATELY IMPOSSIBLE. SENATOR
DID, HOWEVER, HAVE EXTENDED CONVERSATION WITH BOTH SHAIKH
MUHAMMAD BIN RASHID, UAE MINISTER OF DEFENSE, AND SAIFH
GHUBBASH, ACTING FOREIGN MINISTER. DISCUSSION WITH SHAIKH
MUHAMMAD CONCENTRATED ON CURRENT STATUS, AND FUTURE INTENTIONS
RE EXPANSION UAE MILITARY ESTABLISHMENT AS WELL AS ON GENERAL
QUESTION OF GULF SECURITY. SHAIKH MUHAMMAD STRESSED STRICTLY
DEFENSIVE NATURE OF UAE FORCES AND HIGHLIGHTED DIPLOMATIC EFFORTS
OF UAE TO HAVE GOOD RELATIONS WITH ALL ITS NEIGHBORS. HE SPECI-
FICALLY INCLUDED IRAN IN THIS CATEGORY, BUT, IN RESPONSE TO SENATOR
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PERCY'S QUESTION REGARDING POSSIBILITY SOME FORM OF UAE/IRANIAN

MUTUAL DEFENSE PACT, SHAIKH MUHAMMAD INDICATED SOME MISGIVINGS. HE TERMED IRAN A FRIEND BUT HE NOTED THAT DIRECT IRANIAN INVOLVEMENT IN OMAN HAD CAUSED LATTER CONSIDERABLE PROBLEMS WITH OTHER ARAB COUNTRIES AND THAT AS RESULT IRANIANS WERE LEAVING OMAN (SIC). (WE SUBSEQUENTLY CONFIRMED CODEL'S UNDERSTANDING THAT, AS FAR AS WE KNEW, THERE ABSOLUTELY NO TRUTH IN THIS ASSERTION.) UAE, SHAIKH MUHAMMAD INDICATED, WOULD NOT WISH TO PUT ITSELF IN SIMILAR POSITION. COMMENT: WE HAVE NOT PREVIOUSLY HEARD THIS LINE IN OPPOSITION TO IRANIAN ASSISTANCE TO OMAN FROM UAE OFFICIALS. OTHER UAE OFFICIALS (INCLUDING ZAYID) ARE QUIETLY PLEASED TO SEE IRANIAN EFFORTS IN OMAN BUT THEY WOULD PROBABLY BE RELUCTANT FOR UAE ITSELF TO GET INTO FORMAL MILITARY ASSOCIATION WITH IRAN BECAUSE OF CRITICISM THIS MIGHT INVITE FROM ARAB STATES.

3. REMAINDER OF VISIT IN DUBAI CONSISTED OF TOUR OF TOWN AND LUNCH CO-HOSTED BY SHAIKH MUHAMMAD AND MIN OF STATE FOR FOREIGN AFFAIRS. AT END OF LUNCH SENATOR SPOKE AT SOME LENGTH TO LOCAL PRESS REPS. NO EMB OFF WITHIN EAR SHOT, BUT WE WILL REPORT SEPARATELY ANY SIGNIFICANT POINTS CARRIED IN LOCAL PRESS.

4. IN ABU DHABI SENATOR HAD TIME ONLY FOR BRIEF TOUR OF CITY AND FOR CALL ON CROWN PRINCE (AND ACTING RULER) SHAIKH KHALIFA BIN ZAYID. CROWN PRINCE RECEIVED SENATOR AND AIDES AT HIS HOME WHILE HE WAS HOLDING EVENING MAJLIS AND EXTENDED WARM WELCOME TO HIM, REGRETTING STAY COULD NOT BE LONGDC.

5. SENATOR TOLD KHALIFA OF US PLANS TO ADOPT PROGRAM WITH REAL TEETH IN IT TO CONVERVE CONSUMPTION OF OIL. KHALIFA SAID HE WELCOMED INFORMATION INASMUCH AS OIL WAS EXPENDABLE RESOURCE AND AT CURRENT RATES WAS BEING USED UP FASTER THAN WAS GOOD FOR WORLD. HE SAID HOWEVER THAT SUCH CONSERVATION WOULD ONLY WORK IF OTHER CONSUMER NATIONS ADOPTED SIMILAR PROGRAMS. SENATOR AGREED BUT SAID EFFORT WOULD HAVE TO START AT HOME. SENATOR SAID THERE WAS SOME CONCERN THAT IF CONSUMPTION WERE THUS LIMITED, OPEC MEMBERS WOULD RAISE PRICES TO PRESERVE THEIR INCOME, WHICH OF COURSE WOULD DESTROY INCENTIVE FOR SUCH CONSERVATION PROGRAMS. SENATOR SAID HE HAD DISCUSSED THIS WITH SHAH AND SHAH HAD SAID FLATLY THAT HE WOULD NOT, IN SUCH CIRCUMQCTANCES, RAISE PRICE OF LIMITED OFFICIAL USE

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OIL. SHAIKH KHALIFA SAID UAE ALSO DOES NOT WISH TO SEE ANY FURTHER RISE IN PRICE OF OIL. SENATOR WELCOMED THIS ASSURANCE.

6. SENATOR WAS ABLE TO MAKE THIS POINT EFFECTIVELY NOT ONLY TO SHAIKH KHALIFA, BUT TO SHAIKH MUHAMMAD AND GHUBBASH AS WELL. POINTUNDOUBTEDLY REGISTERED, BUT NONE OF THESE OFFICIALS ARE WELL VERSED IN OIL MATTERS (UNFORTUNATELY THERE WERE NONE IN TOWN) AND NONE FELT ABLE TO GET INTO REAL DIALOGUE ON OIL. HAD SENATOR

BEEN ABLE TO TALK TO OTAIBA, OTAIBA MIGHT WELL HAVE GIVEN SAME ASSURANCES AS SHAIKH KHALIFA, BUT HE WOULD HAVE ADDED (IF HE HAD BEEN FRANK) THAT OTHER SIDE OF COIN AS FAR AS UAEG IS CONCERNED IS THAT OPEC SHOULD EQUALLY NOT ALLOW REDUCTION OF CONSUMPTION TO DRIVE PRICE OF OIL DOWNWARDS. ATTITUDE HERE IS THAT IF CONSUMERS ARE REALLY SERIOUS ABOUT WORKING OUT COOPERATIVE ARRANGEMENTS WITH PRODUCERS THEY MUST ACCEPT FLOOR AS WELL AS CEILING ON PRICES. IF ON OTHER HAND THEY ARE PRIVATELY HOPING MARKET FORCES WILL DRIVE PRICES DOWN, THEN THEY WILL HAVE TO TAKE THEIR CHANCES ON ARBITRARY OPEC DECISIONS TO MAINTAIN AND PROBABLY RAISE PRICES. OTAIBA WOULD ALSO HAVE QUALIFIED KHALIFA'S ASSURANCE BY SAYING THAT UAE WILL NOT BE SLOW IN JOINING OTHER OPEC MEMBERS IN RAISING PRICES TO PROTECT PRESENT PARITY WITH OTHER COMMODITIES F, BY END OF 1975, INFLATION CONTINUES AT PRESENT RATE. STERNER

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